

## Remuneration report

As referred to in section 2:135b of the Dutch Civil Code and in principle 3.4 of the Dutch Corporate Governance Code, this remuneration report is based on Sif's remuneration policy. A draft of this policy was presented to the shareholders, together with the Works Council's advice, for their approval at the Annual General Meeting of Shareholders on 14 May 2020. The remuneration policy was approved by the AGM and published on the Corporate Governance page of the website of Sif. An outline of the Remuneration policy is included in the Governance-paragraph of this annual report on page 52-53.

The remuneration policy is instrumental to the realization of Sif's strategy and to longer term value creation for all the stakeholders of Sif. For the remuneration of Executive Board members, Sif applies a peergroup comparison. In 2020 Sif undertook a market analysis with support of external consultants. This resulted in the selection of a peergroup including seven listed and seven non-listed companies. Main criteria for peergroup-selection were a combination of the type of business (project-business), ownership (public ownership) and size (revenues and employees).

Based on the 2021 remuneration, Sif takes a median position in the peergroup for Executive Board remuneration.

Sif's 2021 Annual General Meeting of Shareholders was held on 12 May 2021. The 2020 remuneration report was supported by the shareholders. We engaged with stakeholders such as shareholders and proxy solicitation firms to further understand the feedback we received. This helped us in the creation of this remuneration report for 2021. Especially where it concerns the predetermined target levels and the performance on individual key performance indicators ("**KPI**") by individual members of the Executive Board.

The following overview summarizes the salaries and performance related bonuses and other remuneration elements of the Executive Board. The 2021 remuneration is based on the remuneration policy as approved by the Annual General Meeting of Shareholders in 2020. The outcome on both the annual incentive ("**STI**") and the long-term incentive ("**LTI**") reflects the actual performance. No discretion was applied on those outcomes. Nor were targets adjusted during 2021. The adoption of non-financial KPI's in addition to financial KPI's that now also include ROACE, better match the business Sif is in and the strategy Sif is following. Together with the STI-LTI-balance on which the Works Council advised when presenting the remuneration policy to the Annual General Meeting of Shareholders for approval, these support the ambition to create long-term value. Scenarios have been analyzed and taken into consideration when designing the remuneration policy.

## Executive Board remuneration

Type of recompense in €, excluding VAT	Fred van Beers		Leon Verweij		Ben Meijer
	2021	2020	2021	2020	2021
Base salary	382,398	376,747	104,821	282,874	138,730
Employer's pension contributions	22,706	21,281	24,491	41,312	12,428
Pension compensation	34,230	48,596	17,150	40,368	9,768
Annual bonus (accrual)	224,330	95,893	49,688	98,841	59,273
LTIP (accrual)	139,714	-	51,724	25,724	7,234
Termination fee	-	-	143,559	-	-
Other benefits (car lease, travel expenses and relocation expenses)	45,082	40,992	14,028	38,037	23,718
Social security and other payments	10,004	10,182	3,851	10,182	5,800
<b>Total remuneration</b>	<b>858,464</b>	<b>593,691</b>	<b>409,312</b>	<b>537,338</b>	<b>256,951</b>
Paid annual bonus in the year, earned over the previous year	192,117	80,370	117,431	78,573	-
Paid vested LTIP	-	-	51,724	25,724	-
<b>Total actual paid variable remuneration</b>	<b>192,117</b>	<b>80,370</b>	<b>169,155</b>	<b>104,297</b>	<b>-</b>

The remuneration package includes the following elements:

### Base salary

The Supervisory Board determines the base salary and may, at its discretion, apply an increase. The fixed base salary for Executive Board members increased with the cost-of-living index in 2021. This implies a 1,5% increase.

### Annual bonus

The annual bonus is in cash and based on pre-defined KPI's that may differ for each Executive Board member. The Supervisory Board confirms that the results on which the 2021 short term incentive for the Executive Board members is based, are derived from the audited financial statements. The bonus for 2021 will be paid in cash in 2022 as soon as the audited annual accounts are approved by the Supervisory Board for presentation to the Annual General Meeting of Shareholders. The annual bonus is based on financial performance indicators for at least 60% as outlined in the remuneration policy.

	max score	2021			score	bonus payable
		target	actual			
<b>For CEO</b>						
Contribution € mln	14.7%	103.068	110.992		11.4%	
EBIT € mln	14.7%	13.148	18.449		14.7%	40.8%
ROACE %	14.7%	12.28	43.22		14.7%	
acquisition KCI	4.0%				4.0%	
ESG/Safety LTIF	4.0%	<1.5	4.98		0.0%	12.0%
ESG/Induction pre-heating	4.0%				4.0%	
progress production expansion	4.0%				4.0%	
Total						52.8%
<b>For CFO</b>						
Contribution in € mln	12.0%	103.068	110.992		9.6%	
EBIT in € mln	12.0%	13.148	18.449		12.0%	33.6%
ROACE in %	12.0%	12.28	43.22		12.0%	
business controls	4.0%				4.0%	
financials business case for expansion plan	5.0%				5.0%	9.0%
upgrade AX to M365	5.0%				0.0%	
Total						42.6%

At target, the short term incentive is 40% of the fixed base salary for the CEO and 35% for the CFO. The maximum short term incentive is 60% or 50% of the fixed base salary for CEO and CFO respectively. For 2021 the payable bonus percentages for Executive Board members are 52.8% for the CEO and 42.6% for the CFO. In the previous year, the payable bonus percentage for the annual bonus was 51.0% of fixed base salary for the CEO and 41.5% of fixed base salary for the CFO.

## Pension

Executive Board members are offered a pension arrangement for a pensionable salary that is based on the fixed annual compensation including holiday allowance.

Sif may contribute for 100% to the pension premiums or reimburse the Executive Board member with an equal amount if he/she decides to refrain from participation in Sif's pension arrangement. The pension contribution covers the maximum pension amount, the pension compensation covers the excedent arrangements with or without director-contribution.

## LTIP

The long-term equity-based incentive is granted in performance share units ("PSU"). Under the long-term incentive plan 4,623 PSUs with value of €76,464 were conditionally awarded to CEO (7,055 in 2020 with value of €70,374) and 2,780 PSUs with value of €45,981 were conditionally awarded to CFO Ben Meijer (5,297 in 2020 with value of €56,572 to CFO Leon Verweij). Vesting of performance shares conditional upon employment after a period of 3 years. The 2018-awards under this LTIP vested in 2021. The pay-out on vested LTIP-arrangements to CFO was €51,724 in 2021.

## Severance payment

Executive Board members are entitled to contractual severance payments or termination fees amounting to six months' salary in the event of a change of control of the Company and in the case of early dismissal at the request of the Supervisory Board and the General Meeting of Shareholders other than for termination due to cause. A termination fee of €143,559 was paid to CFO Leon Verweij in 2021.

## Internal pay ratio

The average total pay per FTE of members of the Executive Board (CEO and CFO) in comparison to a reference group of all Sif employees (the pay ratio) is 8.8 (7.6 in 2020). The pay ratio at Sif is calculated as the gross expenses of all Sif employees, Executive Board members excluded. Gross expenses for all Sif employees include wages and salaries, social security contributions and pension expenses as reported in Note 8 to the financial statements. This results in total gross expenses of €29,604 thousand for 356 FTEs (€25,073 thousand for 313 FTEs in 2020) when excluding Executive Board members or €83,156 (€80,358 in 2020) per Sif employee based on the average number of employees for the year under review. The comparable expenses for Executive Board members include fixed base salary, employer's pension contributions, pension compensation, annual bonus and social security and other payments as reported in Note 33 to the financial statements. The pay ratio also includes LTIP value at the vesting date. This results in total gross expenses of €1,298,348 for two FTE (€1,052,000 for two FTE in 2020) or €649,174 (€526,000 in 2020) per Executive Board member. Herewith, the pay ratio is within the bandwidth of 6.8–8.9 that the Works Council advised to observe when commenting on the proposed remuneration policy in 2020.

The 2020 Remuneration report was discussed in the Annual General Meeting of shareholders 2021 and presented for an advisory vote. Of the shares voted for (79.44% of shares issued), 98.58% voted in favor. A question from shareholder VEB related to the score of both Executive Board members (compared to the predetermined target level) on each of the five distinct criteria for the annual bonus. In response to that question, the Chairman referred to page 35 of the 2020 annual report. The VEB then called on Sif to provide additional information on the implementation of the remuneration policy in order to better align with the Shareholders' Directive ("EU Directive 2017/828 (Shareholder Rights Directive II)") and the associated guidelines. In this year's remuneration report, Sif has indicated what KPI's applied to which Executive Board member and how each Executive Board member performed on these KPI's.

## Remuneration and company performance

	2021	2020	2019	2018	2017
Executive Remuneration (in €)					
Fred van Beers	858,464	593,691	629,091	231,677	
Ben Meijer <sup>1</sup>	256,951				
Jan Bruggenthijns <sup>2</sup>				766,327	1,343,678
Leon Verweij <sup>3</sup>	409,312	537,338	456,883	609,853	290,482
<b>Pay ratio</b>	<b>8.8</b>	<b>7.6</b>	<b>8.2</b>	<b>8.5</b>	<b>7.6</b>
Company performance indicators					
Contribution/ton*	637	609	542	539	585
EBITDA	39,061	31,756	26,371	13,258	57,118
Net debt (ex-IFRS 16) year-end	-73,201	-2,645	21,293	30,377	25,107

1. Chief Financial Officer as of 12 May 2021.

2. Chief Executive Officer as of September 2014 until 3 May 2018.

3. Chief Financial Officer until 12 May 2021

\* ex marshalling and engineering revenues

## Supervisory Board remuneration

The General Meeting of Shareholders determines the remuneration of the Supervisory Board members. The remuneration is in no way dependent on Sif's results; Supervisory Board members receive a fixed amount as remuneration; they do not receive a performance related remuneration nor are they awarded Sif shares or share options in Sif as part of their remuneration.

### SUPERVISORY BOARD REMUNERATION

in €¹	Remuneration					
	2021	2020	2019	2018	2017	2016
André Goedée	70,000	70,000	70,000	70,000	70,000	70,000
Maarten Schönfeld²				20,000	60,000	52,500
Peter Gerretse	45,000	45,000	45,000	45,000	45,000	40,000
Caroline van den Bosch	45,000	45,000	45,000	45,000	45,000	40,000
Peter Wit³	45,000	45,000	45,000	30,000		
Peter Visser	45,000	45,000	45,000	45,000	7,500	
Alexander van Wassenauer⁴					37,500	45,000
<b>Total remuneration</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>255,000</b>	<b>265,000</b>	<b>247,500</b>

¹ excluding VAT and expenses

² resigned 3 May 2018

³ appointed 3 May 2018

⁴ resigned 23 October 2017